



August 18, 2020

AN OPEN LETTER TO GOVERNOR WALZ AND LT. GOVERNOR FLANAGAN

CONTINUE THE LINE 3 APPEAL — WHAT HAS AND HASN'T CHANGED.

WHAT HASN'T CHANGED:

- Enbridge has yet to produce a reliable forecast for the consumer demand for oil. Enbridge's customers are not the public. Its customers are the companies extracting oil from the Alberta tar sands. It is these customers who want this pipeline.
- The MN DOC proved that case succinctly in that not only did the state not need a new, larger pipeline, but could also continue to meet its oil needs with the shutdown of the current Line 3. The department's recommendation: Deny new Line 3. Close old Line 3.

Both those decisions would help the state reach the governor's climate policy goals.

Both those decisions will protect Minnesota waters by closing a poorly constructed Line 3 and preventing a new oil pipeline corridor from crossing a new region of lakes, streams and wetlands which will double the risks to the Mississippi headwaters region if built.

- A lack of a site specific oil spill analysis on Minnesota's headwaters rivers, streams, wetlands, wild rice waters, fisheries, including a site specific oil spill analysis on Lake Superior ordered by the MN Appeals Court. That supplemental EIS conveniently excluded critical Wisconsin rivers which flow directly into the St. Louis River estuary nearest Lake Superior.
- The lack of a full socio-economic cost and risk analysis of the economic impacts to the state and proposed pipeline corridor region.

Instead Minnesotans were served up a hocus-pocus jobs reports from UMD's economics department. A report in which the employment numbers presented were based on data supplied by Enbridge.

- The lack of any economic analysis on the risks an oil spill will pose to Minnesota's lake country recreation, tourism, and resort communities as well as the impact upon property tax values.
- The lack of both a financial assurance guaranty and an environmental liability insurance policy..

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WHAT HAS CHANGED:

- Even before Covid 19 the major oil industry players, Exxon, Shell and others, were divesting their holdings in Alberta. They did not see a future in oil sands productions. The big banks and insurance companies are following with decisions to transition their companies out of tar sands production and infrastructure. Recently, eight global insurers have implemented policies to limit or end insurance coverage for tar sands, including: AXA, AXIS Capital, Generali, The Hartford, Munich Re, Swiss Re, Talanx, and Zurich.

NOTE: Enbridge has promised to acquire environmental liability coverage, but only "after" the new Line 3 is in the ground.

- Since the pandemic the world oil market has collapsed not only in the oil sands of Alberta but also in the fracking fields of the Bakken and Permian basins. Cost of production is too high. Even oil industry experts are saying the industry will not return to normal. The commercial aviation industry is stating their business may not fully recover until 2030. Businesses are learning they can exist without the overhead expenses they previously incurred. Recently the outdoor retail giant, REI, listed "for sale" its brand new headquarters campus, set to open this year. They realized their "home office" is actually working efficiently "from home" as employees perform their jobs remotely during the pandemic.

This kind of economic data regarding the "need" for Line 3 was not considered in the deliberations of the PUC commissioners.

As Scott Strand, Friends of the Headwaters' attorney, points out: The facts and the law have not changed. Under Minnesota law, pipeline companies have to prove that a new pipeline project is genuinely needed to meet consumer demand. The Minnesota Department of Commerce concluded two years ago that there was no evidence of such demand, and of course since then the demand for petroleum products has only dropped and may never recover to its previous levels.

Governor Walz has stated he wants to respect the "science" in this issue. That science not only includes the environmental sciences of water and natural resources as well as the science of climate change, but should also include the science of economics with a robust analysis of all factors, both short term and long term, on the impacts of this project for Minnesotans, for future generations, for the natural environment and especially for Minnesota's water.

"There are places where a barrel of water is worth more than a barrel of oil."

Sincerely,

Richard Smith
President

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